

# Retirement in Japan

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A Japanese man retiring today will see himself as being at the vanguard of a great national transformation. Japan is rapidly moving from having the youngest population to having the oldest population among industrialized countries. The proportion of the population aged 65 and over was just 5 percent in 1950 and 10 percent in 1985, but it will reach 17 percent in the year 2000 and a global high of over 23 percent by 2025. By contrast, the proportion of the U.S. population aged 65 and over has been about 12 percent in the 1980s and 1990s, while that of most European countries has been about 15 percent. The main reason for this trend in Japan is the intense but short baby boom that occurred just after World War II and the subsequent decline in the birth rate to one of the lowest levels in the world. A secondary reason is that people are living longer: life expectancy at birth in 1987 had risen to 82.1 years for Japanese woman and 75.9 for men, among the very highest in the world and well ahead of the United States (78.6 and 71.4 in 1986). The Japanese are naturally very concerned about the implications of these demographic shifts for their nation's future. Will social vitality be lost when there are fewer Young people? How can proportionally fewer workers pay for so many retirees? Who will take care of the growing numbers of frail elderly or those with Alzheimer's disease? The media go on and on about the "aging society problem" and speculate about possible solutions at the national level. Individuals worry about their parents, and themselves.

Of course, Japanese approaching retirement have many of the same concerns as Americans in the same position. Simply getting older makes one think about physical decline, loneliness, and eventual death. Many also worry about how to fill their days with activity, and their lives with a sense of meaning. Although some may look forward to the chance to take it easy or pursue a personal interest after a lifetime of daily toil, retirement is still one of life's major transitions, and few approach it without unease.

These generalizations apply throughout the industrialized world, but retirement in the United States and Japan does differ in important respects. First, Japanese companies have long set their retirement ages at a much younger point than have American firms. For many years "normal" mandatory retirement was 65 in the United States and 55 in Japan. Today, mandatory retirement has been nearly abolished by law in the United States, while most Japanese companies now allow employees to work until age 60. Thus, although in both countries people can work longer than they used to, a large gap remains.

A second, paradoxical, difference is that many more older men work in Japan than in the United States: in 1987, 36 percent of Japanese men aged 65 and over were in the labor force, compared with just 16 percent of American men (the figures are 15 percent versus 7 percent for women). The paradox derives from the concept of retirement itself, which has different connotations in the two countries. Americans tend to see retirement as stopping work altogether, while the commonest word for retirement in Japanese, *teinen* (literally, "prescribed year"), refers to the age limit set by an organization for remaining in one's main job or career line.

Most large companies use the *teinen* system, although employees of smaller firms, as well as farmers and other self-employed people, often have no fixed retirement age and may continue doing the same work to an advanced age. The interesting point is that even those in large companies usually go on after the *teinen* to work at a new job for another five or ten years or more.

How do they find these jobs? That depends mainly on how good a job they had before retirement. At one extreme, high-level executives may rise to the board of directors in their own companies or move to other prestigious jobs. Top-ranking government officials are particularly famous for "descending from heaven" into well-paid positions in public or private organizations. There is no set retirement age at all for elected politicians, and since seniority counts, Liberal Democratic Party stalwarts in their seventies are often

named to the cabinet. Some call Japan a "gerontocracy" because of the plethora of elderly men in at least formal positions of leadership.

Most Japanese men, however, experience a loss of status and income at the age of *teinen*. Some continue in the same organization, but in different jobs, or their company may arrange jobs for them in subsidiary firms or with smaller suppliers or customers. Others have to find jobs through their own connections or by going to a public employment agency. It can be tough: although Japan currently faces a severe shortage of younger workers, there are more job-seekers than jobs for those over 55.

The combination of older men demanding jobs and the growing shortage of younger workers has led the Japanese government to assume an unusually active role in encouraging old-age employment. In most European countries, where unemployment has been quite high, governments have been pushing for earlier retirement, while the American government has been quite concerned about protecting older workers' civil right to a job without paying much attention to positive job-creation programs.

In Japan, however, it was the government, together with the large labor unions, that pressured companies to raise the *teinen* from the old norm of 55 to at least 60; in the 1980s this became a legal obligation. The government also helps older workers find jobs and subsidizes companies willing to retain or newly hire people aged 60 and over. An interesting recent effort is the establishment of "Silver Talent Centers" in each city. These are government-sponsored associations of older people that find part-time or temporary jobs for their members and handle their wages, insurance, and so forth.

The problem with all these arrangements, public and private, is that the available jobs are often rather menial. Many men retiring today are educated white-collar workers who are overqualified for cleaning parks or guarding bicycles at train stations. The solution of simply raising the *teinen* further, to 65, has often been suggested, but business is opposed because relatively early retirement is a basic component of the Japanese system of "lifetime" employment and age-graded wages. This system can be preserved only if the number of core employees is limited.

Most discussion about employment for the elderly in Japan focuses on the need for more jobs, but statistics show that today more Japanese men than in previous decades are retiring earlier in the sense of actually stopping work. This trend toward earlier retirement has also long been observed in the United States, and the main reason is the same: many people will stop working as soon as they can afford to, and the economic status of older people has improved markedly in both countries. The key is bigger public pensions, what Americans call Social Security.

Japan's pension system used to be quite inadequate. In years of high economic growth, public spending to support consumption was severely restricted so that as much money as possible could be invested, a national choice that placed future wealth over present comfort. In the early 1970s, however, people came to see that the generation that had worked and suffered to build Japanese prosperity was itself not very prosperous. A major result of this change in perceptions of the elderly was that pension benefits were more than doubled, and they were also indexed to keep pace with inflation.

These policy changes -- plus the natural maturing of the system -- mean that people retiring today receive quite good benefits by international standards. A married employee who made an average salary could retire at age 60 and receive about 200,000 yen a month, which is approximately \$1,470 at current exchange rates<sup>1</sup>. A similar retiree in the United States would be entitled to \$1,075 monthly beginning at age 65. In general, with public pensions, company retirement allowances, and savings, most people retiring in Japan today are in fairly comfortable circumstances, not much different from the rest of the population.

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<sup>1</sup> Y136 = US \$1.00

Compared with earlier generations, then, older people today have many more choices. Those choices include changes inside the household as well as outside. Unlike their American counterparts, however, most Japanese over 65 still live with their children: in 1988, 62 percent did (compared to 13 percent of Americans). However, this is a sharp decline: in 1960, about 82 percent of the Japanese elderly lived with their children. This change in traditional patterns has caused many Japanese to be concerned about the future.

In the traditional family system, the oldest son brought his wife into his parents' home when he married and they all lived together until the parents died. The son inherited his parents' assets. If a couple had no son, the oldest daughter's husband could be adopted into the family as the eldest son.

This system has declined somewhat. In 1960-64, 58 percent of eldest sons lived with their parents, compared to only 41 percent in 1980-82. Moreover, Japanese parents are changing their ideas about who will be caring for them in their old age. A 1986 survey showed that 65 percent of men over age 60 looked to their wives to provide care. Among elderly women, 29 percent named their daughters-in-law, which is consistent with the traditional family, but almost as many, 23 percent, named their daughters.

This growing preference for daughters over daughters-in-law stems from a widespread belief that the mother-in-law-daughter-in-law relationship is full of conflict. Many of the current generation of older women experienced hardships at the hands of their mothers-in-law, whose role was to teach them the duties of the household. Women recall having to be the first one up in the household and the last to go to sleep, and receiving no sympathy from their husbands for their suffering at the hands of a seemingly tyrannical mother-in-law. Now, it is common for people to say that the reverse is true -- daughters-in-law are strong and mothers-in-law have to do what they say. Although most men say they try to stay out of the conflict, younger men tend to say they're more likely to take their wife's side than their mother's.

What are the advantages of elderly parents and their grown children living together in this day and age? An increasing number of young women are opting to stay in the labor force after they have children instead of leaving to become full-time homemakers. For young working women, living with a mother or mother-in-law who will help with child care can be a great help. Also, living with parents can assure a bigger, more comfortable house than a young couple could otherwise afford.

Is family life always harmonious? Not at all, but conflict can be ameliorated. "There was a time when my grandmother and mother did not get along," one college-age man said. "We reached the conclusion that it was because they lived in the same house all the time and so we built an annex. Then my younger sister and parents started living in the annex and my grandmother and I stayed in the main building. We have our meals there. There have been fewer quarrels since then. I think it is because my grandmother and mother do not have to see each other when they do not want to."

Although more and more Japanese elderly will probably be living separately, mostly by choice, it seems clear that cohabitation will still remain a popular option, especially when parents become ill and need assistance. What has happened is that the range of options has increased, causing living together to shift from an obligatory arrangement to one of choice based on individual needs.

Although surveys show that older Americans spend more time at activities outside the home than do Japanese, this may be changing. The Japanese elderly of today are less inclined to subscribe to the traditional norm that older people should stay around the house. A variety of programs for the able elderly draw many participants. They offer classes in the traditional arts such as tea ceremony, flower arranging, and calligraphy as well as exercise classes, discussion groups, and health care.

About half of Japanese elderly belong to "old people's clubs," which are situated in neighborhoods. If more than 50 people sign up, the group gets a small government subsidy. They range from very active groups, which may also volunteer at local nursing homes, to clubs that only take biannual trips. Although

a majority of the members are likely to be women, many of the club leaders are men, reflecting long-standing perceptions of gender roles.

Other organizations for the elderly include *rojin daigaku* (elder universities), which offer courses in Japanese history and literature, crafts, social welfare, and other topics. Many older men participate in these classes and often assume leadership roles. Future generations of elderly will be more highly educated, and this type of activity should continue to grow.

Many older Japanese do pursue hobbies -- the men doing so frequently at the urging of their wives who, in a popular expression, may liken their husbands to a heap of soggy leaves ("you try to sweep them out but they just lie there"). The traditional Japanese arts are thought to be particularly amenable to the accumulated experience and wisdom of the elderly. Writing haiku and doing calligraphy and Japanese folk dancing have long been associated with older people and carry a certain amount of prestige.

The government is putting more emphasis on establishing volunteer jobs for the elderly, some of which involve providing services to homebound elderly or helping with recycling. Some volunteer positions, such as that of *minseiin* (a volunteer welfare worker who receives a small stipend) or chairperson of a neighborhood organization, carry a degree of status.

The Japanese man or woman retiring today is in a sense entering a new world. Changes in attitudes and expectations among both young and old will create for the next generation of older Japanese a kind of life that will differ significantly from that of their parents. This has both advantages and disadvantages. The increasing number of bedridden elderly, particularly, strains the capabilities of the caregiver, usually the wife or daughter-in-law. This issue and others have to be addressed.

The Japanese government, acknowledging the pressures of a rapidly aging population, has proposed an ambitious "Golden Plan," which aims to "create an economic and social milieu in which older and disabled people may lead full and healthy lives, while living at home and continuing to contribute as productive members of society for as long as possible." The plan is a ten-year strategy which will greatly increase rehabilitation services in the community, as well as the number of home helpers and nursing homes, but it also emphasizes volunteer activity by the elderly and the importance of lifelong learning.

While retirement is a challenge to the individual, it is also a challenge to the society at large. How rapidly aging Japan handles this challenge could provide some answers to the questions posed by retirement in other industrialized countries throughout the world.